

**STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND
ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING
November 8-9, 2007**

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held at the Exxon Valdez Oil Spill Trustee Council 441 W. 5th, Suite 500; Anchorage, AK.

Wednesday, November 8, 2007

Call to Order/Roll Call

Ms. Morse, Acting Chair, called the meeting to order at 10:30 a.m.

Those present, constituting a quorum of the Board:

Christy Morse, Acting Chair, CPA – Anchorage
Max Mertz, CPA – Juneau – Joined meeting telephonically
Bruce Gabrys, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Catherine Wilson, Public Member – Tok
Rebecca Jensen, Public Member – Pedro Bay

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, was:

Veida Forrest, Licensing Examiner – Juneau
Rick Younkins, Chief Investigator – Anchorage
Jo Anna Williamson, Investigator – Anchorage

In attendance via teleconference was:

Jun Maiquis, Regulations Specialist – Juneau

In attendance via teleconference from the Department of Law, Civil Division, Commerce and Fair Business Section:

Gayle Horetski, AAG – Juneau

In attendance from the public was:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Debbie Blackley, representing the Alaska Society of Independent Accountants (ASIA)
Lisa Rogers

Agenda Item 1 – Review/Amend Agenda

The Board made no changes or updates to the agenda.

Upon a motion by Jensen, seconded by Williamson and approved unanimously, it was:

RESOLVED to approve the November 8-9, 2007 meeting agenda as presented.

Agenda Item 2 - Review Meeting Minutes

The Board made no changes to the August 8-9, 2007 meeting minutes.

Upon a motion by Mertz, seconded by Williamson and approved unanimously, it was:

RESOLVED to adopt the August 8-9, 2007 meeting minutes as written.

Agenda Item 4 – Correspondence

The Board discussed the following items of correspondence:

Jay Fountain - firms with non-licensed owners/shareholders

Mr. Fountain wanted to know if a non-CPA, such as a consultant, could be a partner of a CPA firm with an office in Alaska. Ms. Morse replied that the general permit allows for a non- licensee to be partner/shareholder/owner of the business, but that business cannot have an office in Alaska. She also noted that in order for that to be the case, the state where that firm is licensed must allow for a non-CPA to be a partner/shareholder/owner of a CPA firm. The Board determined its statutes and regulations did not allow for non-CPA's to be a partner/shareholder/owner of a licensed CPA firm per 12 AAC 08.04.240.

Chimita Zhambalova - Candidate request to extend 18 month window testing window for FAR

The Board discussed Chimita Zhambalova's request to extend the expiration date of her FAR exam section by two testing window in order to make up for the difficulties she had during the exam processing transition. The Board stated that they had set a precedent by only extending the expiration dates of exam sections by one testing window at the August 8-9, 2007 meeting.

Upon a motion by Wilson, seconded by Jensen and approved unanimously, it was:

RESOLVED to extend Chimita Zhambalova's expiring credits beyond the 18 month period by one testing window under the authority of 12 AAC 04.200(i) for the purpose of compensating for the loss of one testing window due to the transition of processing applications to the CPA Examination Services provided by NASBA.

The Board clarified that this window extension is consistent with extensions given to previous requestors, and that the Board will not provide Ms. Zhambalova another extension if she fails to pass all four sections of the Uniform CPA Examination.

Agenda Item 3 – Investigative Report

Rick Younkens, Chief Investigator, and Jo Anna Williamson, new Investigator for the Board of Public Accountancy joined the meeting.

Mr. Younkins introduced Ms. Williamson to the Board. Ms. Williamson provided the Board with her law enforcement and investigative background. Ms. Williamson noted that she did not have any accountancy background. Ms. Morse informed Ms. Williamson that she would be working mostly with Carla Bassler, the Board's liaison with the investigative unit.

The Board discussed the current investigative report.

OPEN COMPLAINTS

None

OPEN INVESTIGATIONS

600-02-002, 600-02-005 and 605-02-001. These three related investigations are moving forward. We have entered into negotiations with the licensee's attorney to prepare an MOA that would then be presented to the Board for review and possible adoption.

600-06-005 Allegations of fraud, pending experts review

601-07-001 Unlicensed activity. Investigator traveled to Soldotna to see if the person reported as working as a CPA was advertising or had posted a sign indicating they were a CPA. Investigator will contact Board Member for follow up investigation.

601-07-002 Unlicensed Activity

601-07-003 Unlicensed Activity. Case was reported to the Board by Housing and Urban Development.

CLOSED INVESTIGATIONS

600-05-005 Unlicensed activity reported by Department of Interior, Office of Inspector General after an audit revealed the CPA did not hold a current license. Investigator Petrie consulted with a Board member and the case was closed after the licensee renewed their license.

BOARD ACTIONS

601-06-002 Proposed MOA revised per Board direction ready for review and action.

Ms. Morse asked Ms. Forrest to contact Ms. Bassler and ask her to discuss cases 600-02-005 and 601-07-003 with Ms. Williamson, the Board's Investigator.

The Board agreed that it needed to be in executive session prior to the proposed MOA for case 601-06-002.

Upon a motion by Gabrys, seconded by Jensen and approved unanimously, it was:

RESOLVED to enter into executive session in accordance with Alaska Statute 44.62.310(c)(2) to discuss privileged disciplinary information.

Executive Session, off record 11:16 a.m. Back on record 11:28 a.m.

Upon a motion by Gabrys, seconded by Wilson and approved unanimously, it was:

RESOLVED to approve the Memorandum of Agreement between the Board and John Michel as signed.

Ms. Morse signed the memorandum of agreement with Mr. Michel. Mr. Younkings and Ms. Jo Anna Williamson left the meeting.

The Board discussed publishing Board/disciplinary actions against any licensee on the Board's website. Mr. Mertz stated that it is entirely appropriate to publish disciplinary actions on the Board's website. Ms. Elaine Williamson asked what information the Board is planning to publish. Mr. Mertz replied that suspensions, revocations, reprimands, probations, and memorandum of agreements. Mr. Mertz directed the Board to 12 AAC 04.510 that gives the authority to publish violations and penalties. Mr. Gabrys stated that he believed that there is value in including closed investigations which had favorable outcomes, where the licensee complied with the investigator's request.

Upon a motion by Mertz, seconded by Gabrys and approved unanimously, it was:

RESOLVED to publish on the Board's website disciplinary actions for a period of five years or as otherwise determined by the Board in accordance with 12 AAC 04.510.

Mr. Gabrys proposed a friendly amendment to only publish a summary of actions taken. Mr. Mertz accepted the friendly amendment.

Ms. Forrest asked the Board members if they would like to draft a P&P on how and when to publish the disciplinary actions on the website instead of leaving the publishing up to the discretion of the licensing staff. The Board agreed this would be a good idea.

It was agreed to find samples of other Boards' websites to see how license actions are presented. The Board agreed to review the information to be posted on the website prior to its posting.

Break, off record 11:57 p.m. Back on record 12:00 p.m.

Agenda Item 5 – Public Comment

Melody Schneider, representing the Alaska Society of CPA's (ASCPA), informed the Board that the ASCPA was concerned that not enough licensees were taking an appropriate ethics course. The ASCPA wanted to know if there are any consequences for licensees who fail to take an appropriate Alaska ethics course. Ms Schneider noted that the ASCPA had sent out four information bulletins, two to the ASCPA's membership and two to all licensees, using the addresses provided by the Board. Mr. Mertz informed the Board that Ms. Plimpton of the ASCPA had told him earlier in the day that 403 people had already taken the RIGOS course and 42 are registered to take the RIGOS course on November 29, 2007.

The Board discussed the potential actions it could take against licensees who do not take an appropriate ethics course. Ms. Williamson asked Ms. Forrest what she will do when an application is received without ethics information. Ms. Forrest replied that first she would send a letter to the licensee notifying them that they did not complete the renewal form correctly. If they return the form correctly, or take the course after January 1, 2008, she can renew the license per 12 AAC 02.965. If the licensee does not comply with the request she can submit the name to the investigator for

investigation. She also noted that the Board has the statutory authority to discipline individuals who do not comply with continuing education requirements per AS 08.04.450(9). Ms. Schneider asked if the Board will report to investigations those who do not comply with the regulations. Mr. Mertz stated that the Board will know compliance better when it goes through the licensee audit process and that issue that can be brought up at the next meeting. Ms. Morse agreed and that she thought it would be better to know what the Board is facing, in terms of licensee who do not complete the an Alaska ethics course, prior to determining the type of action it should take against the licensees who do not comply.

Lunch, off record 12:34 p.m. Back on record 1:36 p.m.

Agenda Item 6 – Regulations Update

Gayle Horetski, Attorney, and Jun Maiquis, Regulations Specialist, joined the meeting telephonically. Lisa Rogers from the Alaska Society of CPA's joined the meeting.

Ms. Horetski confirmed that the Board had the handwritten and typed edits, provided on November 8, 2007, for review.

Ms. Horetski noted that staff had not been able to obtain copies of the 2006 version of the AICPA Professional Ethics, so Department of Law changed the draft to include the 2007 version.

Ms. Horetski directed the Board to pages 8 and 9, 12 AAC 04.181 (a) and (b), of the handwritten draft. She noted that she had spoken to Mr. Mertz and he had informed her that the statute 08.04.120 referred to 'accounting' which is broader than 'public accounting', and can be obtained in an office that does not practice 'public accounting', so 12 AAC 04.181(a) and (b) would be changed accordingly.

Ms. Horetski alerted the Board that 12 AAC 04.189 was changed to separate license renewal from license reinstatement for clarity. The section in 04.189 on license reinstatement was moved to a new location to discuss only license reinstatement.

12 AAC 04.990(13), the definition of 'United States Licensing Jurisdiction' was repealed because the statute referred to 'state' or 'states', which are defined in statute. Ms. Horetski noted that any time this phrase is used in the regulations it would be changed to 'state' or 'states'.

Ms. Horetski asked the Board if there is a more recent version of the AICPA's Professional Ethics Comprehensive Course than the 2006 version. Ms. Forrest noted that she would research this issue.

Ms. Horetski directed to the Board to the reciprocity licensing requirements. She told the Board that it can establish equivalent requirements to four years in the practice of public accounting outside of the state, but cannot do that through experience points. Mr. Mertz informed Ms. Horetski that one year in government or private accounting is not equivalent to one year in public accounting, but that one and one-third years in government or private accounting is equivalent to one year in public accounting.

Ms. Rogers from the ASCPA informed Ms. Horetski that the purpose of including 'inside or outside the state' in 12 AAC 04. 265 was to allow those who had a license in another state, but did not have four years of public accountancy experience, but are now living in Alaska to use experience gained inside for licensure by reciprocity. Ms. Horetski noted that the Board is trying to compensate for an

overly restrictive statute. Ms. Horetski agreed that wording the regulation using the terms of the statute is the best way to get a regulation for government or private and inside or outside the state practice to be equivalent to four year of public accountancy outside the state. Ms. Horetski proposed that 04.265 be moved into Article 3 because it deals with a license application, and that the experience points changed to:

“One year of experience in public accounting outside the state is equivalent to

- (1) Once year of experience in the state in the practice of public accounting
- (2) One and one-third years of experience working in private accounting or government accounting in the state or outside the state.”

Ms. Horetski directed the Board to read the changes to 12 AAC 04.440. She informed the Board that the Board does not clearly define how the Board deals with people who are lapsed one week to one year because the regulation begins at requirements for a lapse over one year. She proposed that the Board change this regulation to begin 12 AAC 04.440 (a) to state “a license lapsed less than three years” to include the first year. Ms. Forrest brought to the Boards attention that this change is not consistent with the current process of renewing licenses that have lapsed less than one year. She pointed out that the current procedure is to allow a licensee to renew their license using the renewal form and paying the full renewal fee up till December 31st of the first year of the biennial licensing period. She noted that if the change Ms. Horetski’s proposed is adopted, it would require a licensee who postmarked the renewal application on January 1st of the new biennial period to show proof of 120 hours of continuing education in the past 36 months and pay a lesser renewal fee. The Board agreed this was not their intent. The Board asked Ms. Horetski to add a new section to state that a “license lapsed up to one year needs to submit the renewal application and pay the entire licensing renewal fee”. Ms. Horetski agreed to make this change.

Ms. Horetski also noted that in 12 AAC 04.440(c) the Board does not give a cut off time to apply for reinstatement. Ms. Horetski stated that, upon her reading, the Board does not have the statutory authority to allow a person to reinstate a license that has lapsed for more than five years. She pointed to the centralized statute 08.01.100(d) which states that a person lapsed five years or more they must apply for a whole new license. She proposed that 12 AAC 04.440(c) read “lapsed more than three years but less than five years”. Many Board members stated that they did not agree with this statute because it would allow a person lapsed more than five years to become re-licensed without having to show proof of continuing education. The Board agreed that it did not have a statute that overrode the centralized statute and approved of Ms. Horetski’s proposed change.

Ms. Horetski noted that 12 AAC 04.520(b)(2), the section on disciplinary guidelines, the wording “or other crime” was disapproved because the Board does not have the statutory authority to obtain records on other crimes unless the applicant or licensee provides it to the Board. She also pointed out that by leaving in the phrase, “that adversely affects the holder’s ability to practice accounting competently and safely,” narrows the definition currently in regulation. Ms. Horetski suggested that the Board remove this definition and leave the current definition because it is broader and more encompassing. The Board agreed to this suggestion and removed proposed regulation 12 AAC 04.520(b)(2).

Ms. Horetski agreed to provide the Board with a revised proposed regulation to review and potentially readopt on November 9, 2007.

The Board had three items of new business: licensing and permitting of large multi-office partnerships such as KPMG and Ernst and Young, continuing education requirements for people renewing to inactive status, and the new ethics course requirement.

The Board discussed how to handle multiple applications for firms with the same name. Ms. Forrest informed the Board that she had received several applications and emails from Ernst & Young and KPMG and she did not know how to handle these requests. The Board told Ms. Forrest to only license one firm name and make others using that name work under that one license or permit. Ms. Forrest was also instructed to contact NASBA to inquire on how other states' deal with this type of license.

Ms. Forrest spoke with the Board about the continuing education requirements registering as inactive from an active license. She stated that she knew current practice of the Board is to allow licensees renewing to inactive status for the first time to be exempted from the continuing education requirements, but could not find a specific location in the regulations where that intent is clearly stated. She also noted that the Board was given authority to relax the continuing education requirement for those who certify they will not practice per AS 08.04.425(d)(2)(A), but that the Board did not have a regulation clearly stating the Board's intent or current practice. The Board agreed that it does not intend for those renewing as inactive, for the first time, to be required to show proof of continuing education.

Mr. Mertz noted that he felt the Board relaxed that requirement is under 12 AAC 04.300(b) where the regulation states that a person is 'renewing' and that a person going to inactive status is not renewing. Ms. Forrest noted that this is not the case because a license in inactive status must still be renewed biennially by filling out the renewal form and paying the renewal fee.

Ms. Forrest suggested that the Board consider clarifying these regulations prior to the next renewal period in order to avoid confusion in the future. She stated that although the Board and the profession understand the current intent of the Board it would be better to have the intent clearly spelled out in regulation.

The Board discussed the new four-hour ethics course requirement and the potential for having licensees submit courses that do not follow the requirement of 12 AAC 04.300(c). Mr. Gabrys stated that he felt that it is important for this first renewal period to give the licensees the benefit of the doubt if the course and provider bills itself as 'Alaska Specific'. He also stated, that in his opinion, it would be better to confront the provider after the audit process if the course was obviously not teaching Alaska specific ethics, statutes, and regulations, instead of penalizing the licensee who took the course in good faith. Ms. Williamson asked how Ms. Forrest would be able to determine if a course is acceptable to the Board. It was determined that a course given by a provider not listed on NASBA's National Registry of CPE Providers Ms. Forrest would send the course to Max Mertz and Elaine Williamson for review. Ms. Williamson asked Ms. Forrest to compile of list of providers and course names as she receives the renewal applications.

Mr. Mertz left the meeting at 3:45 p.m.

Agenda Item 8 – Application Review

The Board reviewed applications until 5:00 p.m. The Board discussed the conversion from quarter hours to semester hours. The Board determined to make a policy to clarify that the licensing examiner was multiply quarter hours by 0.67 to obtain the equivalent semester hours to verify that an applicant has 150 semester hours as required by statute.

The meeting adjourned for the day at 5:00 p.m.

Thursday August 9, 2007

Call to Order/Roll Call

Ms. Morse, Acting Chair, called the meeting to order at 8:30 a.m.

Those present, constituting a quorum of the Board:

Christy Morse, Acting Chair, CPA – Anchorage
Max Mertz, CPA – Juneau – Joined meeting telephonically
Bruce Gabrys, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Catherine Wilson, Public Member – Tok
Rebecca Jensen, Public Member – Pedro Bay

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, was:

Veida Forrest, Licensing Examiner – Juneau
Cori Hondolero, Records and Licensing Supervisor – Juneau

In attendance via teleconference was:

Jun Maiquis, Regulations Specialist – Juneau

In attendance via teleconference from the Department of Law, Civil Division, Commerce and Fair Business Section:

Gayle Horetski, AAG – Juneau

In attendance from the public was:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Debbie Blackley, representing the Alaska Society of Independent Accountants (ASIA)
Ken Bishop, representing the National Association of State Boards of Accounting (NASBA)

Agenda Item 8 – Application Review

The Board reviewed licensee applications. Mr. Michel's reinstatement application was reviewed by the Board. It was brought to the Board's attention that Mr. Michel may not be eligible to reinstate his license and may have to apply for initial license.

Upon a motion by Gabrys, seconded by Jensen, the following motion:

To discuss the application provided by John Michel with Gayle Horetski, AAG.

Motion failed with two yeas and four abstentions.

Upon a motion by Mertz, and seconded by, the following motion:

To reinstate John Michel with the expectation that Mr. Michel will complete and submit the AICPA Professional Ethics Comprehensive Course prior to December 31, 2007, and that Mr. Michel will renew his license prior to December 31, 2007 and show proof of 80 hours of continuing education in accordance with 12 AAC 04.440(b)(3). The 80 hours of continuing education must be in accordance with 12 AAC 04.300(c).

Upon discussion of the motion it was determined that the Board may not be able to allow Mr. Michel to reinstate his license due to AS 08.01.100(d).

Mr. Mertz withdrew his motion.

The Board continued to discuss licensure applications.

Agenda Item 10 – NASBA Annual Meeting Update

The Board tabled this discussion for the January 10-11, 2008 meeting.

Agenda Item 11 – Prometric Testing Center

The Board tabled this discussion for the January 10-11, 2008 meeting.

Agenda Item 12 – CPAES Update

Ms. Forrest informed the Board there neither she nor NASBA had any outstanding issues. She had begun returning applications and fees sent to the State of Alaska to the applicant, and that had not caused any trouble so far.

Agenda Item 13 – Ken Bishop – NASBA – Mobility Discussion

Cori Hondolero, Records and Licensing Supervisor, joined the meeting.

Ken Bishop, representing the National Association of State Boards of Accounting (NASBA), joined the meeting to give the Board a presentation on mobility.

Mr. Bishop gave his credentials to the Board. His background included law enforcement and was an administrator for the Missouri Board of Accountancy. Mr. Bishop is also the Director for the CPA Exam Services program.

Mr. Bishop noted that NASBA is trying to help the state boards avoid involvement and intervention of the federal government in licensing and discipline. He stated that the state level is the most efficient

way to protect the public and license individuals. He stated that for a board to implement mobility as proposed by NASBA and the AICPA would give the state boards more authority to oversee the actions of CPA's in, and licensed in, their jurisdiction.

Mr. Bishop explained that reciprocity and mobility are two different issues. Reciprocity is for people who want to move or have an office in Alaska and mobility is for people who have incidental practice in Alaska. He also clarified that firms cannot be substantially equivalent or mobile.

Mr. Bishop wanted to clarify that NASBA stands for the National Association for State Boards of Accountancy, so the organization naturally leans toward the regulatory and public advocacy side of issues. This is important because an organization that is for, or protecting, the profession may not necessarily be considering the best interest of the public. He noted that the UAA mobility model rules are in the best interest of the public.

The first aspect of public interest that Mr. Bishop spoke about was choice. Unlike some professions, public accountancy can be mobile, and people tend to stay with a trusted CPA. If that CPA moves or the client moves, the CPA can perform most of the same services provided in the previous location. A problem occurs when the CPA or client moves out of the state and the CPA 'goes under the radar' and avoids becoming licensed in the new state. By implementing mobility, the state is allowing people to choose the CPA they want to use and giving that CPA the ability to help that client.

The second aspect of public interest is public protection. By becoming substantially equivalent, a CPA can enter Alaska through electronic means without notification, but they willingly acknowledge that they are under the authority and jurisdiction of the Alaska Board of Public Accountancy. If there is any wrongdoing by this CPA the Alaska Board can take disciplinary action against the CPA, either in Alaska or in the state the CPA is licensed.

Mr. Bishop clarified that mobility is not to allow people who are not qualified to practice in Alaska, or to lower the standard of licensure in the state of Alaska, but to allow CPA's licensed in another state to come into Alaska and practice without being penalized. Mr. Bishop noted that the exemption to this was for audit work; if a person wanted to do audit work in Alaska that person would still need to become licensed, whether or not they came from a substantially equivalent state. Mr. Bishop stated that with mobility implemented, any person claiming to be licensed as a CPA, and practicing in Alaska, if they are licensed elsewhere, would be subject to Alaska's statutes and regulations.

Mr. Bishop noted that the Board does not currently have this protection. In cases where a CPA, license in another state, does tax returns or compilations for Alaskan clients, but does not get a CPA license in Alaska, currently all the Board can do is issue a cease and desist or bar the person from practicing in Alaska. Mr. Bishop gave an example of a New York CPA coming into Alaska and doing something that could put them on probation. The Alaska Board would have full rights to discipline and put the licensee on probation in Alaska, the New York Board would mirror this probationary period in New York, and the licensee would have to comply with the probationary period by complying with both Alaska and New York laws and rules. The UAA also makes sure that if a CPA does harm in Alaska, but not substantial enough to warrant discipline, Alaska can refer the CPA to the home state and make sure the home state investigates the CPA.

Mr. Bishop argued that lowering the two years of experience to one year of experience is a small sacrifice to implementing mobility. He stated that there was research to see how many disciplinary actions were taken against CPA's who did not follow laws or rules when doing tax returns,

compilations, or reviews. He concluded that these complaints were not initiated by the public but through the peer review process, and that there was no public harm done.

Mr. Bishop stated that NASBA's position at the beginning of the mobility law was to have firm registration for doing compilations, reviews, and audits but that the AICPA didn't want firm registration for any of these actions.

Ms. Morse asked Mr. Bishop how mobility would treat CPA's practicing in a state that has higher requirements for licensure than the state with which the CPA is licensed. Mr. Bishop replied that if the state with the higher requirements recognized substantial equivalency the CPA would be fully within his/her rights to practice in the state with higher requirements as long as he/she were not doing audits. He also stated that the CPA would put themselves fully under the jurisdiction of the other state as well as the home state, so the person would not be practicing under the other jurisdiction to go under the bar of competency. The worst case scenario would be that the state with higher requirements is losing revenue from licensure.

Mr. Bishop informed the Board that the minimum requirements for substantial equivalency are 150 semester hours of accounting, passage of the Uniform CPA Exam with a 75 or higher, and one year of experience under the supervision of a CPA.

Mr. Mertz voiced his concern that mobility would allow for any CPA to come into Alaska to practice. Mr. Bishop responded that only those who are substantially equivalent would be allowed to practice in Alaska, and that the Alaska Board would still be able to set the requirements for those whose principal place of business is Alaska.

Mr. Gabrys asked how Mr. Bishop would convince a state that believes it is important to have two years of experience and 500 attest function hours to become a CPA. Mr. Bishop replied that the state that has a higher requirement is setting up a barrier for licensees, because between 30%-60% of CPA's never practice public accounting. He argued that the public will benefit from knowing that the person calling the CPA is a regulated professional, who was able to pass the CPA Exam and have the education to become a CPA, even if they are not doing an attest function. Mr. Bishop continued to say that the public likes to see that credential because it trusts that a CPA has the background to work with a person's money. The Board would benefit because it could then have authority to discipline CPA's coming into the state even if the CPA is not doing audits. Mr. Bishop argued that in Missouri, when mobility passed, all the tax preparers, who had taken the CPA Exam but never practiced in public accountancy, became licensed as CPA's. They are now regulated by the Board, required to have continuing education and pay renewal fees. He stated that, in his opinion, the Missouri Board and the public benefited from this change because these tax preparers are now regulated, are more competent because of the continuing education, and the Board has additional sources of income.

Mr. Bishop explained the difference between 'home office' and 'principal place of business.' The 'home office' is the location of the client, the 'principal place of business' is where the CPA's office is located. Mr. Mertz clarified that mobility is primarily for people whose work is incidental to the work at the principal place of business opposed to people moving to Alaska to practice full time. Mr. Bishop replied that this is correct.

Mr. Bishop concluded that he is very enthusiastic about UAA mobility. There are 11 states that have passed mobility, meaning that an Alaska CPA can go to those states and legally practice. There has

been very little opposition to mobility once it has gotten to state legislatures. If the Alaska Board wants to go through with mobility, NASBA has the resources to help the Board if desired.

Ms. Williamson asked if there is any way for the Board to monitor which states are instituting mobility and where they are in the process. Mr. Bishop stated that at the current time there is not a website available to the public, but he would see if it would be possible to get updated information easily to the Board.

Mr. Mertz informed Mr. Bishop that the availability of the testing center in Anchorage is very limited and that candidates have voiced concern that they could not schedule exams during the available times. Mr. Bishop responded that Prometric is evaluated on a matrix system which grades on the ability of candidates to sit for the locations and times that they desire. Prometric has noticed that there is a spike of candidates who schedule their testing locations during the last portion of the testing windows. Mr. Bishop told the Board he would bring this concern to Bill (?) at Prometric and ask him to bring an Alaska specific report.

Mr. Mertz asked Mr. Bishop about the licensing and auditing services that NASBA provides. Mr. Mertz noted that his specific concern is the Board's ability to accurately and appropriately apply the statutes and regulations to licensee and renewal applicants. Mr. Bishop stated the NASBA has the ability to do any administrative service the Board desires.

The Board thanked Mr. Bishop for his time and the information he provided.

Lunch break: attend Alaska Society of CPA's Luncheon to listen to Ken Bishop's speak on mobility. Off record 11:40 a.m., back on record 1:37 p.m.

Agenda Item 6 – Regulations Discussion

Gayle Horetski, Attorney, Jun Maiquis, Regulations Specialist, Rick Younkings, Chief Investigator, and Jo Anna Williamson, Investigator, joined the meeting telephonically.

The Board requested Ms. Horetski to please clarify how 12 AAC 04.440 and AS 08.01.100 work together. Ms. Horetski replied that boards can regulate how a person can reinstate up to five years after a license or permits lapses, but unless there is a statute in AS 08.04 exempting the Board from AS 08.01.100, the Board must require people who have allowed their license to lapse for more than 5 years to reapply for a whole new license. Mr. Mertz asked Ms. Horetski if the Board could request applicants who have lapsed more than five years to complete continuing education. Ms. Horetski replied that continuing education only applies to those licensed for the past two years per AS 08.04.425 or for reinstatement per 12 AAC 04.440.

Mr. Mertz asked Ms. Horetski if there are any changes she would have made to the Memorandum of Agreement (MOA) with Mr. Michel. Ms. Horetski answered that she would have made it clear that currently Mr. Michel is not a license holder, he has to apply for a new license, and that the terms of the MOA would not be effective until he became licensed in Alaska. Mr. Younkings replied that the format of the MOA is similar to what had been written in other professions, and that a condition of the MOA is for the person to get a license. Mr. Younkings informed the Board that in the future the investigator would attempt to make the MOA clearer for the Board.

Mr. Mertz asked Ms. Horetski if there was any reason the Board should hold a special meeting in order to license Mr. Michel. Ms. Horetski stated that there is case law that allows for the Board to review applications under the old statutes and regulations as long as the applications are submitted and complete prior to January 1, 2008.

The Board discussed the revised regulations presented to them by the Department of Law on November 9, 2007. Ms. Horetski noted the many edits that had been made in order to make the adopted regulations comply with regulation writing convention. It was determined that the change Ms. Horetski had made to 12 AAC 04.440, pertaining to licensees who allow their license to lapse for less than one year having the ability to renew in the same manner as a licensee who has not allowed their license to lapse, was the intention of the Board. The Board also informed Ms. Horetski that in 12 AAC 04.200(c) the most recent version of *Professional Ethics: The AICPA's comprehensive Course*, is the 2007 edition.

Upon a motion by Gabrys, seconded by Jensen and approved unanimously, it was:

RESOLVED to readopt the proposed regulations presented to the Board by the Department of Law on November 9, 2007, consisting of 25 pages, and including the changes made on record to 12 AAC 04.440 and 12 AAC 04.200(c).

The Board stated that it has considered the costs to individuals in order to comply with the new regulations.

Ms. Horetski suggested to the Board that in the next regulation project the Board include an initial licensing regulation to provide applicants with a "How-To Apply for Initial Licensure".

Agenda Item 9 – P&P on Publications

Ms. Jensen presented her proposal for a policy on publications:

"The Board may award continuing education credit to authors of articles or books published for the first time within the two year licensing period and to the extent it improves the person's competencies. The maximum continuing education credit on published articles or books will not exceed 20 credit hours per two year licensing period."

Mr. Gabrys suggested that the Board add,

"The Board will award three credit hours for an article over 500 words published in a magazine, journal, newspaper, or other periodical.

For larger publications such as books or substantially larger research articles, the author must submit the hours of research and writing time and a request for the number of credit hours."

The Board agreed that this would be a good policy, but wanted to see a written policy prior to approving the policy.

Upon a motion by Jensen, seconded by Williamson, and approved unanimously, it was:

RESOLVED to award Marie Evans three continuing education credit hours, for a total of 15 continuing education credits, for each of the following articles: Personal Tax Records: Know When to Hold 'Em 7/2/06; Law Affects Everything from IRAs to

Dividends, 10/1/06; Changes in Tax Code Can Affect Charitable Deductions for 2006, 12/31/06; Nondeductible IRAs May Be Worth Consideration, 6/10/07; Kiddie Tax Law Changes Expand the Age of a Child, 8/01/07.

Agenda Item 4 – Correspondence

The Board discussed the following items of correspondence:

Leah Watling – request for reimbursement – Doctor’s note

The Board appreciated that Ms. Watling had provided a doctor’s note indicating that she was unable to attend the Uniform CPA Exam in February of 2007 due to medical reasons. Ms. Watling will be issued a refund from the Alaska Board of Public Accountancy and the Board will request that NASBA and Prometric do the same. Ms. Wilson noted that the Board had made the decision to issue her a refund at the August 8-9, 2007 meeting but that it had requested to see a doctor’s not prior to doing so.

Cynthia Strickland

Ms. Strickland wants to restore the active status of her license. The Board discussed whether or not it has the authority to waive continuing education requirement. It was determined that the Board does have the statutory authority to waive continuing education requirements in the case of documented hardship in AS 08.04.425.

Upon a motion by Gabrys, and seconded by Jensen, the following motion:

To waive 100 hours of continuing education for Cynthia Strickland in order for her to reactivate her license for the 2008-2009 licensing period;

FAILED with two yeas, three nays, and one abstention: Jensen and Wilson voted yea; Gabrys, Williamson, and Mertz voted nay; Morse abstained.

Janette Hildebrand - Canadian Signatures

The Board stated that Canadian signatures are not the concern of the Alaska Board; they would be regulated by Canadian authorities.

The Board tried to review the other question proposed by Ms. Hildebrand, but wanted her to expand her question as the Board did not fully understand what she is asking.

The Board asked Ms. Forrest to contact NASBA to research how other states license multiple partners with different locations inside and outside the state.

The Board tabled this discussion for the January 10-11, 2008 meeting.

Agenda Item 14 – Administrative

Schedule next meeting

The Board set the next meeting for January 10-11, 2008 in Juneau.

Ethics Reporting

There were no ethics violations reported

Sign Wall Certificates

Wall certificates will be signed prior to the January 10-11, 2008 meeting. Wall certificates will be signed for Scott Dockins, Gregory Marshall, Aleksandar Knezevic, Shaun Werle, Ilya Sotnikov, Ramz Muhamadiyev, Iaroslav Lounev, Svetlana Klink, Jeremy O'Neil, Ricardo Orduna, Mikhail Ulyanov, Julia Clymer, Omar Taha, Monica French, Troy Watling, Chyenne Schmidt, Farhad Guliyev, Jamil Guliyev, Yuxing Li, Stazhan Temirgaliyev, and Osman Elfaki. Wall certificates for Melissa Beedle and Stasia Straley will be signed at the January 10-11, 2008 meeting.

Agenda Item 8 – Application Review

Reinstatement of Licensure

John Michel – lapsed, reinstate to active
Eileen Zaiser – lapsed, reinstate to active

Upon a motion by Gabrys, seconded by Wilson, and approved unanimously, it was:

RESOLVED to table reinstatement of active licensure for John Michel and Eileen Zaiser until they had submitted an 'Application for Certified Public Accountant' as their licenses had lapsed more than five years per AS 08.01.100.

Licensure by Reciprocity

Scott Davison
Philip Fechtmeyer
Edward McCarthy
Hilary Mitchell-Husted

Upon a motion by Gabrys seconded by Wilson and approved unanimously, it was:

RESOLVED to approve the applications for licensure by reciprocity for Scott Davison, Philip Fechtmeyer, Edward McCarthy, and Hilary Mitchell-Husted.

Licensure by Examination

Kamran Ahmadov
Cynthia Benford
Amanda Chadwick
Izis Haddad
Tatiana Khoreva
Gary Ray Kinman
Joseph Koford
Mukhit Kossayev
Brian Kupilik

Faris Okasha
Marina Satina
Christian Schmitt
Bikky Shrestha
Thearon Staddon
Elena Utkina
Jason Vanderhoof
Travis Verley
Miranda Wallstrum

Beth Larson
Catalina Leny Marquez
Glenn McBride
Alexandr Nazarkulov

Cinnamon Williams
Ran Xu
Guowei Yin

Upon a motion by Gabrys, seconded by Wilson and approved unanimously, it was:

RESOLVED to approve the applications for licensure by examination of Kamran Ahmadov, Cynthia Benford, Amanda Chadwick, Tatiana Khoreva, Mukhit Kossayev, Brian Kupilik, Beth Larson, Catalina Leny Marquez, Glenn McBride, Alexandr Nazarkulov, Faris Okasha, Marina Satina, Christian Schmitt, Bikky Shrestha, Thearon Staddon, Elena Utkina, Jason Vanderhoof, Travis Verley, Miranda Wallstrum, Cinnamon Williams, Ran Xu, Guowei Yin

Upon a motion by Gabrys, seconded by Wilson and approved unanimously, it was:

RESOLVED to table the applications of Gary Ray Kinman and Joseph Koford for additional work experience information per 12 AAC 12 AAAC 04.180(e) and time.

Upon a motion by Gabrys, seconded by Wilson and approved unanimously, it was:

RESOLVED to deny the application by examination for Izis Haddad as the applicant did not have 150 semester credit hours as required by Alaska Statute 08.04.120(a)(1) and (2) or 08.04.120(b).

2004-2005 Audit Renewal

Connie Settje # 942

Upon a motion by Gabrys, seconded by Wilson and approved unanimously, it was:

RESOLVED to approve the continuing education documents required for audit for Connie Settje CPA 942.

General Permits

Upon a motion by Gabrys seconded by Wilson and approved unanimously, it was:

RESOLVED to grant the following out of State permits:

- Cheri G. David CPA, CVA, PC
- Harold L. Larsen CPA, Inc, PS
- Keegan Linscott & Kenon P.C.

Upon a motion by Gabrys seconded by Wilson and approved unanimously, it was:

RESOLVED to ratify the following out of State permit renewals:

- Myers and Stauffer LLC #55
- James P. Marta #74
- Hemming Morse, Inc. #80

- **Anthony Saccento #83**
- **Watson & McDonnell PLLC #105**
- **CPA Consulting, Inc, P.S. #124**

Agenda Item 14 – Administrative

Task List(s)

Veida Forrest

- Schedule January meeting
- Give CPAES information to provide an extension to Chimita Zhambalova
- Send a letter to Chimita Zhambalova informing her of the one testing window extension for the FAR exam
- Send a letter to Marie Evans regarding the number of CE provided for her articles
- Respond to Jay Fountain via email
- Respond to Cynthia Strickland's request to relax requirements.
- Write a P&P on publishing articles
- Write a P&P on conversion from quarter hours to semester hours
- Provide Board with a draft of disciplinary information to be posted on website.
- Issue reimbursement for Leah Watling, request NASBA to reimburse her for AUD
- NASBA to research how other states license multiple partners with different locations inside and outside the state

Max Mertz

- Review unknown ethics courses as provided by Veida
- Send invitation to the Governor to attend Board meeting in Juneau

Elaine Williamson

- Review unknown ethics courses as provided by Veida

There being no further business, the meeting adjourned at 5:00 p.m.

Respectfully Submitted:

Veida Forrest
Licensing Examiner

Approved:

Max Mertz, Chairman
Board of Public Accountancy

Date: _____